

THE BUDGET PROCESS, PUBLIC INVOLVEMENT, BASIS OF BUDGETING

The Budget Process and Public Involvement

The fiscal year for the Village of Barrington coincides with the calendar year. The Village has adopted a biennial budget cycle whereby each budget document includes the budgets for two fiscal years. The biennial budget document included herein is for fiscal year 2003, beginning January 1, 2003 and ending December 31, 2003 and fiscal year 2004, beginning January 1, 2004 and ending December 31, 2004.

The Village's budgetary operations are governed under the provisions of the Budget Act as provided for in the Illinois State Statutes (65 ILCS 5/8-2-9.1 to 9.11). The budget process is coordinated by the Director of Administrative Services who has been appointed to serve in that capacity by the Village Manager. Under the Budget Act no appropriation ordinance is required to be passed but the Annual Budget Document must be adopted prior to the year the funds will be expended. The Village adopts budgets for all Accounting Funds of the Village. The following sections provide a brief overview of the budget process; the process is also illustrated in graphical form on the following pages.

Review and Development

In early March of the last year of a biennial budget the Village Board holds a budget workshop to set direction for the upcoming budget process. Budget instructions, guidelines and worksheets are provided to Department Heads in early April of that year. Departments finalize their requests and submit them to the Department of Administrative Services by the middle of June. During July and August each Department Head meets with the Village Manager and the Director of Administrative Services/Assistant Village Manager to discuss their respective Department's budget request. Adjustments necessary to balance the budget and/or to more effectively meet the objectives established by the Board are initiated during this review process. The tentative budget document is then finalized and presented to the Village Board for their review in mid September. Simultaneously, copies of this document are made available for Public Review and Comment at both the Village Hall and the Barrington Area Public Library.

Adoption

The tentative budget is made available for public inspection at both the Village Hall and Barrington Area Public Library at least three weeks before the public hearing on the budget which is scheduled for sometime in October. A notice of this public hearing is published at least ten days in advance of the hearing in two general circulation newspapers (The Daily Herald and The Barrington Courier Review). After the public hearing is held, the Budget may be revised and passed without any further inspection, notice, or hearing. Based on the current language of the Budget Act, the document for the first fiscal year of the biennial budget is usually considered and approved by the Board in October; the document for the second fiscal year of the biennial Budget is usually considered and approved by the Board in January of the following year.

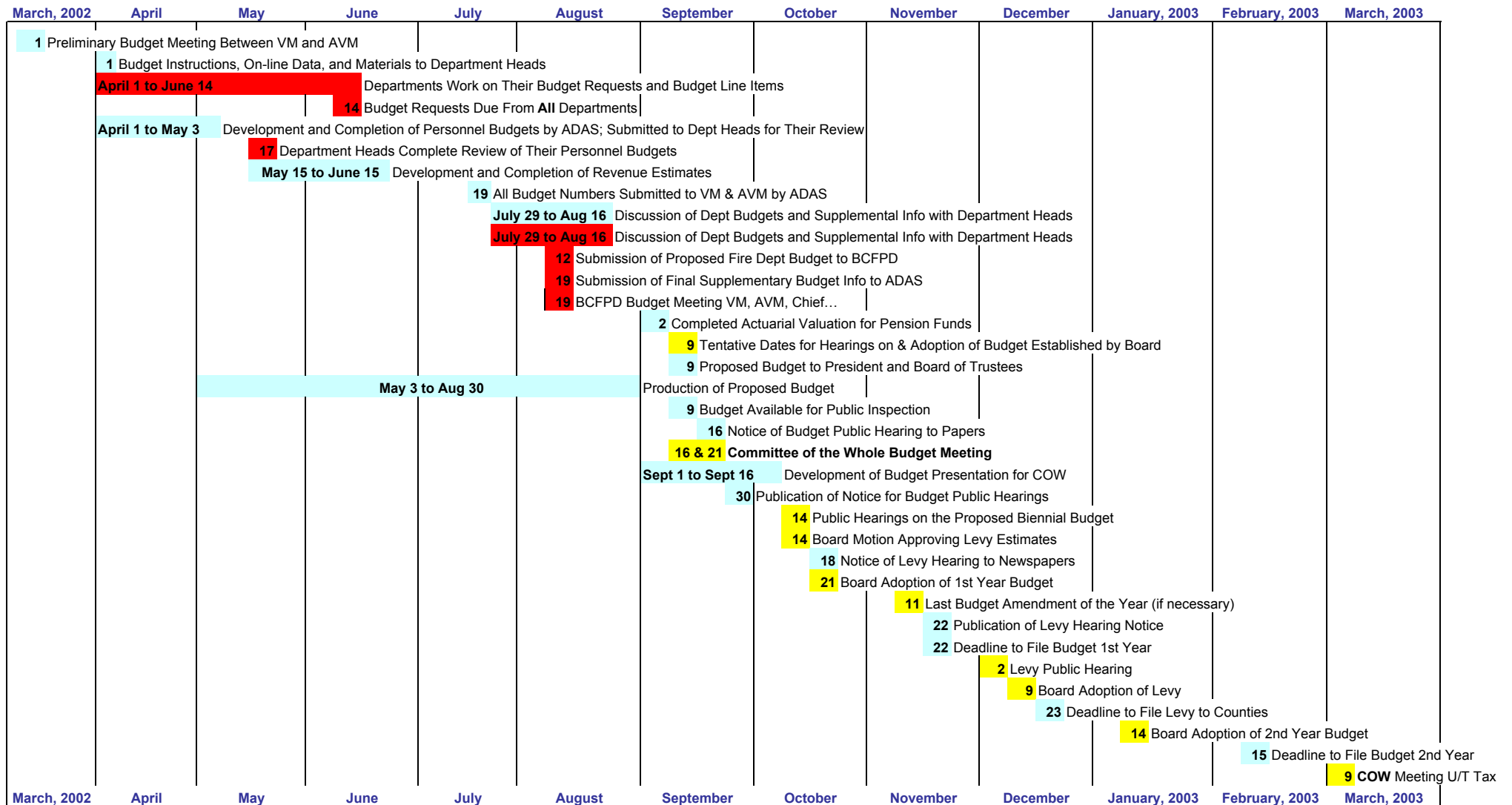
Amendments and Transfers

The Village Manager, who serves as the Village's Budget Officer, may transfer money between accounts within an Accounting Fund at his/her discretion as long as these transfers do not result in a change to the total expenditure amount included in the approved budget for the respective Accounting Fund.

If it is necessary to effectuate a change that impacts total expenditure dollars budgeted in a particular Accounting Fund, such change can only be made following the approval, by a two-thirds vote of the Corporate Authorities then holding office (65 ILCS 5/8-2-9.6), of an ordinance amending the budget for the respective Accounting Fund.

Village of Barrington

2003-2004 Biennial Budget Process and 2002 and 2003 Tax Levy Process



 = Village Board Action/Meeting Date

 = Staff or "Budget Team" Task and Completion Date

 = Department Head Task/Completion Date

Village of Barrington
Biennial Budget Process and Levy Process
Key Dates for 2002 and 2003 Levies and 2003-2004 Biennial Budget Process

<u>Budget or Levy</u>	<u>Completion Date</u>	<u>Description of Activity</u>
Budget	March 1, 2002 (After Board Workshop)	Preliminary Budget Meeting Between Village Manager and Assistant Village Manager/DAS Regarding Budget Goals and Framework
Budget	April 1	Budget Instructions, Guidelines, and Worksheets are Issued to Department Heads
Budget	May 3	Completion of Personnel Expenditure Projections and Personnel Budgets by ADAS, and Submission of Personnel Expenditure Projections and Budgets to Department Heads for Their Review
Budget	May 17	Department Heads Complete their Review of the Personnel Projections Applicable to their Department.
Budget	June 3	Completion and Review of Revenue Projections and Estimates by ADAS and AVM
Budget	June 14	All Budget Requests, Worksheets, Issue Papers, and other Supporting Documentation is Submitted by each Department to the Assistant Village Manager and ADAS
Budget	May 3-August 30	Production of Proposed Budget
Budget	July 19	Submission of All Budget Numbers, Issue Papers and Fund Summaries to Village Manager and Assistant Village Manager/DAS by ADAS
Budget	July 29 to Aug 16	Discussion of Budget Requests and Departmental Budgets by Village Manager and Assistant Village Manager with each Department Head
Budget	July 29	Submission of Accomplishments, Activity Summaries, and other Supplemental Budget Information from Each Department
Budget	August 12	Submission of Proposed Fire Department Budget to the BCFPD
Budget	August 19	BCFPD Budget Meeting
Levy	September 2	Calculation of Required Village Contribution to both the Police and Firefighters' Pension Funds by the Village's Actuary

Village of Barrington
Biennial Budget Process and Levy Process
Key Dates for 2002 and 2003 Levies and 2003-2004 Biennial Budget Process

<u>Budget or Levy</u>	<u>Completion Date</u>	<u>Description of Activity</u>
Budget	September 9	Board Action Establishing Tentative Dates for Adoption of the Budget and Dates of Public Hearing
Budget	September 9	Proposed Budget Submitted to the President and Board of Trustees (One Week Before COW Meeting)
Budget	September 9	Proposed Budget Available for Public Inspection at Village Hall and Library (At Least Ten Days Before Budget is Passed)
Budget	September 16	Notice of Publication for Public Hearings on Proposed Budget to Corresponding Newspapers (Newspapers Usually Need to Receive Notice at Least a Week Before it is Published)
Budget	September 16 and September 21	Committee of the Whole Budget Meeting
Budget	September 30	Publication of the Notice for the Public Hearing on the Proposed Budget (At Least One Week Prior to the Public Hearing)
Budget	October 14	Public Hearings Before the Village Board on the Biennial Budget, one for each Budget Year (Public Hearing for Budget May Not Coincide with the Hearing on the Levy)
Levy	October 14	Village Board Motion Approving the Estimate of the Levies (Estimate is to be Made Not Less Than 30 Days Before Adoption of the Levy; PA 91-0523)
Levy	October 18	Notice of Publication for Public Hearing on Proposed Levy to Corresponding Newspapers
Budget	October 21	Village Board Adoption of the 1st Year of the Biennial Budget (Publication of the Budget Ordinance Must be At least 10 Days Before the Adoption of the Levy Ordinance)
Budget/Levy	November 11	Try and have the last budget amendment for the year at this meeting, that way the final numbers will be in for the tax levy ordinance
Levy	November 22	Publication of the Notice for the Public Hearing on the Levy (No Less than 7 days and no more than 14 Days Before the actual Public Hearing on the Levy)

Village of Barrington
Biennial Budget Process and Levy Process
Key Dates for 2002 and 2003 Levies and 2003-2004 Biennial Budget Process

<u>Budget or Levy</u>	<u>Completion Date</u>	<u>Description of Activity</u>
Budget	November 22	Deadline to File Approved Budget for 1st Year, Certified Copy of the Ordinance and Certificate of Estimate of Revenues with each County Clerk (Must be Filed no Later than 30 Days After Passage of the Budget by the Board)
Levy	December 2	Public Hearing Before the Village Board on the Proposed Levy (Cook County Municipalities Must Hold Their Truth in Taxation Hearings on the First Monday of December; PA 91-0523) (SB 326)
Levy	December 9	Village Board Adoption of the Levy Ordinances
Levy	December 23	Deadline to File Tax Levy with each County Clerk (Must be filed before the Last Tuesday in December)
Budget	January 14, 2003	Village Board Adoption of the 2nd Year of the Biennial Budget
Budget	February 15	Deadline to File Approved Budget for 2nd Year, Certified Copy of the Ordinance and Certificate of Estimate of Revenues with each County Clerk (Must be Filed no Later than 30 Days After Passage of the Budget by the Board)

Basis of Budgeting

The Budget for the Village of Barrington includes numerous operating units that are reflected on a gross budgetary basis. This means that included within each operating unit are all costs, including all benefits and transfers, related to that unit. In order to associate costs with services, expenditures for pensions and other fringe benefits are budgeted by unit percentage and allocated to the respective Department providing the service. Use of transfers can result in an overstatement of total revenues and expenditures of all funds. A consolidated statement of all funds that includes adjustments for these transfers and eliminates overstatements resulting from these transfers is provided in the document (*Please see the Fund Summary Section, beginning on Page 37*).

The Budget for all Accounting Funds is established at the sub-class level, not at the account level (i.e. expenditures are authorized for the entire Professional Development group of accounts rather than at each individual account level (i.e. Training, Expense Reimbursement, Membership Dues, etc.)). This provides Departments more flexibility in meeting operational needs. In addition, it provides the Board with better information as to transfers between the major sub-classes versus transfers between related line items. The Legal Budget Document is organized as follows: Accounting Fund, Department, Division and finally sub-class.

The budget for the Village's governmental funds (General Fund, Capital Improvement Fund, Tax Increment Financing Fund, and Debt Service Fund) is prepared on a modified accrual basis consistent with Generally Accepted Accounting Principals (GAAP). The budget therefore assumes that expenditures will be recorded when related fund liability (such as an outstanding purchase order) is incurred and revenue will be recognized when measurable and available.

Enterprise Funds, Internal Service Funds, and Pension Trust Funds are budgeted according to accrual accounting principals. The budget therefore assumes that revenues will be recognized in the accounting period in which they are earned while expenses will be recognized in the period they are incurred. Budgeting for these funds is also consistent with GAAP.

The Village's accounting system is maintained on a basis consistent with the adopted budget. This enables Departments to easily monitor their budget by utilizing the inquiry functions of the financial software system. Although the Village attempts to budget according to GAAP, there are instances where the Village's budget deviates from these principles, these deviations include:

- For all Accounting Funds, Compensated absences, which are not recognized for budgeting purposes, are accrued under Generally Accepted Accounting Principals and reported in the Village's Comprehensive Annual Financial Report as a long-term liability.
- Budgetary Enterprise Fund deviations from GAAP include, a) recognizing capital outlays and debt financing as expenditures and revenues respectively, rather than adjusting the appropriate balance sheet accounts in accordance with GAAP, and b) depreciation is not included in the budget even though it is recorded as an expense under GAAP.

At the end of each fiscal year, the Village undertakes appropriate adjustments to bring the accounting system of the Village in line with GAAP. These adjustments allow the Village to convert its financial structure to an appropriate format to meet the requirements of financial reporting required in the Comprehensive Annual Financial Report (CAFR). All year-end adjustments are carefully reviewed by the Village's outside auditor to ensure their propriety.